



SENATOR

**Debbie Regala**

E-Newsletter - 27th District, Tacoma

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Dear Neighbors,

Current issues of importance at the state level are the economic revenue forecast and Washington's high rankings as a great state to do business. In this e-newsletter I share some thoughts on these issues.

As always I welcome your thoughts and feedback.

Warm Regards,

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### **November economic forecast will be key**

According to the state [Economic Forecast Council](#), our state's economic trajectory is playing out pretty much as predicted earlier this year. The latest indicators suggest we are bottoming out and include some possible signs of recovery. Those signs are incremental and don't begin to appear until the tail end of the quarter, so we can't be sure they represent a trend until we see the next quarter's results. That makes the November forecast pivotal.

While I am encouraged by this forecast, I am also cautious in suggesting we are on the road to recovery. I just attended the [Senate Ways & Means Committee](#) where the message came through loud

and clear that we'll need to make some cuts next session while protecting our core services — K-12 and the safety net for our most vulnerable citizens.

Our state budget is approximately [\\$1.8 billion out of balance](#). Specifically, the budget's anticipated reserves are showing a shortfall of \$1.2 billion. The \$1.8 billion reflects an estimate of budget items and potential lawsuits that could result in even less savings. These updated figures mean a balanced supplemental budget will require additional reductions or new revenue. Clearly our state still faces major challenges for the second half of the biennium.

### **The second-best state for business in the country**

While the state budget news is sobering, Washington has something to celebrate.

Two national entities recognized Washington's strong business climate last week. First, The Tax Foundation ranked us the **ninth** friendliest state in which to do business, up from 12<sup>th</sup> place the year before. Then Forbes.com ranked us the **second** best state for business in the country, behind only Virginia and up from third place the year before.

The Tax Foundation describes its 2010 State Business Tax Climate Index as "a tool for lawmakers, businesses and individuals alike to gauge how their states' tax systems compare." The Forbes rankings measure, among other things, the cost of doing business in each state; labor supply; regulatory environment; current economic climate; energy costs; taxes; growth prospects; and quality of life. According to Forbes.com, a key component among top-ranked states is an expanding, educated work force — a prime focus of the Senate's Higher Education and Economic Development, Trade & Innovation committees in recent years.

These rankings confirm something we've worked hard in the Legislature to establish: Our state is a great place to do business and is only getting better. What's more, these two rankings are consistent with rankings our state has received in the past 12 months from numerous other independent associations that rate states on business-focused measures:

- U.S. News & World Report's "7 Best States to Start a Business" in 2009, ranks us first.
- The Kauffman Foundation's 2008 State New Economy Index rates our state second in the nation.
- The 2008 State Competitiveness Report from the Beacon Hill Institute at Suffolk University rates sixth in the country in ability to "attract and retain businesses and to provide a high standard of living for its residents in the long run."
- Even when you look just at taxes and nothing else, we stack up well. The Small Business & Entrepreneurship Council's 2009 Business Tax Index rates our state fourth best in the country.

Do these ratings mean our economic problems will vanish overnight? No — we're still dealing with the effects of an international recession that has entire countries on the ropes. But as our nation and our state begin the slow process of economic recovery, our state's positive business climate positions us to recover faster than others. And that's good news for everyone in Washington.